

## ACCOUNTING II

- 1) We have the following accounts: Accounts Receivable \$20,000, Sales Revenue \$40,000, Interest Expense \$500, Depreciation Expense \$5,000, Unearned Revenue \$1,000, Cost of Goods Sold \$10,000, Wages Expense \$2,500. What is the amount of Expenses reported for the period?
  - A) \$12,500
  - B) \$18,000
  - C) \$17,500
  - D) \$5,500
  
- 2) Those most responsible for the major policy decisions of a corporation are the:
  - A) employees
  - B) management
  - C) board of directors
  - D) stockholders
  
- 3) Don and Denise are forming a partnership. Don will invest a piece of equipment with a book value of \$7,500 and a fair market value of \$18,000. Denise will invest a building with a book value of \$40,000 and a fair market value of \$44,000. What amount will be recorded to the building account?
  - A) \$50,000
  - B) \$18,000
  - C) \$32,000
  - D) \$44,000
  
- 4) Horizontal analysis is a technique for evaluating financial statement data:
  - A) on a certain date
  - B) over a period of time
  - C) as it may appear in the future
  - D) for one period of time
  
- 5) Assuming a 360-day year, when a \$50,000, 90-day, 9% interest-bearing note payable matures, total payment will be:
  - A) \$51,125
  - B) \$4,500
  - C) \$1,125
  - D) \$54,500

- 6) Under GAAP, cash receipts from interest and dividends are classified as:
- A) operating activities
  - B) financing activities
  - C) investing activities
  - D) supplemental activities
- 7) Which of the following is classified as a product cost?
- A) salary of the company receptionist
  - B) advertising for a particular product
  - C) drill bits for a drill press used in the plant assembly area
  - D) salary of a sales manager
- 8) Which method is used to allocate costs of reciprocal support departments?
- A) indirect method
  - B) reciprocal method
  - C) direct method
  - D) step down method
- 9) The American Advertising Federation Code of Ethics does **not** include which of the following?
- A) to not mislead the public
  - B) reveal significant facts
  - C) to tell the truth
  - D) cheating people
- 10) Trade and business expenses should be treated as:
- A) deductible for AGI.
  - B) a deduction from AGI subject to the 2%-of-AGI floor.
  - C) a deduction from AGI not subject to the 2%-of-AGI-of-AGI floor.
  - D) an itemized deduction if not reimbursed.
- 11) The following units of an inventory item were available for sale during the year: Beginning inventory of 10 units at \$55; First purchase of 25 units at \$60; Second purchase of 30 units at \$65; Third purchase of 15 units at \$70. The firm uses the periodic inventory system. During the year, 60 units of the item were sold. The value of ending inventory using weighted average is:
- A) \$1,150
  - B) \$1,263
  - C) \$1,375
  - D) \$1,353

- 12) We borrowed \$15,000,000 loan from the bank on an 8-year loan. What account is credited in this transaction?
- A) Owner's Equity
  - B) Interest Expense
  - C) Notes Payable
  - D) Accounts Payable
- 13) An employee is paid \$20 per hour and works 40 hours and has benefits deductions of \$200 which includes 401k contributions of 5%, what is the amount of their net pay?
- A) \$600
  - B) \$760
  - C) \$560
  - D) \$460
- 14) We have calculated depreciation on the building at \$10,000 for the year. What account is debited to record the depreciation?
- A) Accumulated Depreciation
  - B) Depreciation Expense
  - C) Cash
  - D) Building
- 15) We sold a customer \$100,000 worth of inventory on account with terms 2/10, n/30. What is the amount of the discount if the customer pays within 10 days?
- A) \$2,000
  - B) \$20,000
  - C) \$10,000
  - D) \$0

- 1) B
- 2) C
- 3) D
- 4) B
- 5) A
- 6) A
- 7) C
- 8) C
- 9) D
- 10) A
- 11) B
- 12) C
- 13) A
- 14) B
- 15) A